

AMENDED IN ASSEMBLY APRIL 22, 2009

AMENDED IN ASSEMBLY APRIL 2, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 1075

Introduced by Assembly Member Nava

February 27, 2009

An act to add Sections 187 and 14408.5 to the Financial Code, relating to financial institutions.

LEGISLATIVE COUNSEL'S DIGEST

AB 1075, as amended, Nava. Financial institutions.

Existing law, the Banking Law, provides for the regulation and certification of state-~~organized~~ *chartered* banks by the Commissioner of Financial Institutions. Existing law, the California Credit Union Law, provides for the regulation and certification of state-~~organized~~ *chartered* credit unions by the commissioner.

This bill would prohibit a state-~~regulated~~ *chartered* bank or credit union that is a recipient of federal or state emergency economic assistance from using money derived from that assistance for specified purposes, *except as specified*. The bill would make a bank or credit union that violates these provisions subject to a civil penalty of at least \$100,000 per violation, would require those penalties to be deposited in either the State Banking Account or the Credit Union Fund, and would prohibit those banks or credit unions from receiving any future emergency economic assistance, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 187 is added to the Financial Code, to read:

187. (a) A bank, or any subsidiary, that is a recipient of federal or state emergency economic assistance shall not use any funds derived from that assistance for any of the following:

(1) Lobbying expenditures or political contributions.
(2) The hosting or sponsorship of, or payments for, conferences and events.

(3) The use of corporate aircraft, travel accommodations, and travel expenditures.

~~(4) For the purpose of mergers or acquisitions.~~

~~(5)~~

(4) Expenses relating to office or facility renovations or relocations.

~~(6)~~

(5) Expenses relating to entertainment, holiday parties, employee recognition events, or similar ancillary corporate expenses.

~~(7)~~

(6) Executive bonuses.

(b) *Emergency economic assistance received by a state chartered bank shall not include money received under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. Secs. 5121 to 5207, incl.).*

~~(b)~~

(c) Any bank that violates this section shall be subject to a civil fine of at least one hundred thousand dollars (\$100,000) per violation and shall be ineligible to receive any future emergency economic assistance until the bank has completed measures to comply with, and to prevent future violations of, the provisions of this section. Fines collected pursuant to this subdivision shall be deposited in the State Banking Account.

SEC. 2. Section 14408.5 is added to the Financial Code, to read:

14408.5. (a) A credit union, or any subsidiary, that is a recipient of federal or state emergency economic assistance shall not use any funds derived from that assistance for any of the following:

(1) Lobbying expenditures or political contributions.

1 (2) The hosting or sponsorship of, or payments for, conferences
2 and events.

3 (3) The use of corporate aircraft, travel accommodations, and
4 travel expenditures.

5 ~~(4) For the purpose of mergers or acquisitions.~~

6 ~~(5)~~

7 (4) Expenses relating to office or facility renovations or
8 relocations.

9 ~~(6)~~

10 (5) Expenses relating to entertainment, holiday parties, employee
11 recognition events, or similar ancillary corporate expenses.

12 ~~(7)~~

13 (6) Executive bonuses.

14 (b) *Emergency economic assistance received by a state*
15 *chartered bank shall not include money received under the Robert*
16 *T. Stafford Disaster Relief and Emergency Assistance Act (42*
17 *U.S.C. Secs. 5121 to 5207, incl.).*

18 ~~(b)~~

19 (c) Any credit union that violates this section shall be subject
20 to a civil fine of at least one hundred thousand dollars (\$100,000)
21 per violation and shall be ineligible to receive any future emergency
22 economic assistance until the credit union has completed measures
23 to comply with, and to prevent future violations of, the provisions
24 of this section. Fines collected pursuant to this subdivision shall
25 be deposited in the Credit Union Fund.